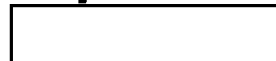


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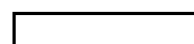
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Approved For Release 2005/06/01 : CIA-RDP79T00975A027800010038-2

Approved For Release 2005/06/01 : CIA-RDP79T00975A027800010038-2

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PORTUGAL

The broad policy statement issued by Portugal's military rulers over the weekend preserves the existing multiparty political system, but it also encourages the establishment of direct links between the Armed Forces Movement and the people. If such links are established, they could pose a threat to the existence of Portugal's political parties.

The long-awaited reassessment of Portugal's revolutionary course—released after eight days of debate within the Movement's Revolutionary Council—concluded that the country must go through several phases before it reaches its final objective of a classless society. The document states that during the current phase—called the transition period—political parties would continue to play a valuable role.

While this does not give political moderates anything they did not already have, it does set aside—at least temporarily—the demands by radical elements within the Movement to abolish all parties. Some of these elements, associated with the internal security organization, favor the establishment of councils of workers, soldiers and sailors, while other pro-Communist factions want to set up committees for the defense of the revolution.

The Revolutionary Council's communique declared its support for the establishment of links with all grassroots organizations whose objectives correspond to the Movement's program. It characterized these organizations as the "embryo of an experimental system of direct democracy." The statement implies that once these organizations are working properly, political parties will be unnecessary.

The statement emphasizes, however, that armed civilian organizations will not be tolerated and repudiates the establishment of socialism by violent or dictatorial methods.

A large part of the communique is devoted to Portugal's "grave" economic condition. It admits that if the present trend continues the country's foreign exchange reserves will be "practically exhausted" by the end of the year. The communique calls upon the governing coalition to put aside its differences and develop an economic strategy by the end of July that will reverse the decline in production and the rise in unemployment. In a thinly veiled warning, the Council refers to those discussions as an "in-depth test of the coalition's viability."

The statement also prohibits delegates to the constituent assembly from debating matters not associated with the drafting of the constitution. This ruling is likely to be violated by Portuguese politicians and could provoke another confrontation between military and civilian leaders.

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In the policy statement, the Council also announced that it will exert greater control of the nation's media and take over at least one newspaper to ensure accurate coverage of the Movement's policies.

Specific issues such as the *Republica* affair, the election of trade union officials, and agrarian reform were not addressed in the communique, but the Revolutionary Council is expected to resume debate on these matters next week.

Meanwhile, the Movement's blueprint for the future has done nothing to dispel church-state tensions. A statement by Portugal's Catholic bishops yesterday branded the siege of Catholic demonstrators at the Cardinal's palace last week in Lisbon as an "attack against fundamental liberties." The church is also angry at the Movement because it will not expel leftist workers who occupied a Catholic radio station last month. How this and the *Republica* issue are resolved may say more about whether Portugal is to have a multiparty system or a dictatorship of the proletariat than the Movement's policy statement.

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TURKEY

Turkish opposition party leader Ecevit yesterday blamed the coalition government of Suleyman Demirel for an armed attack against him and his followers at a political rally on Saturday. The incident could further polarize the left and right.

It is not clear whether there was an attempt to assassinate Ecevit. Shots were fired, according to press reports, and several of Ecevit's supporters were injured. The assailants appeared to be members of Demirel's far right coalition partners, the National Salvation Party and the National Action Party.

Demirel, who was assaulted in April by a left-wing supporter of Ecevit, denied Ecevit's charge. Both political leaders have found it difficult to control their more radical followers, who have clashed on several occasions in recent months at universities and elsewhere.

The recent clashes do not compare with the violence and anarchy that finally forced the military to intervene in politics in 1971, but their continuation and escalation could again arouse the military's concern.

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FRANCE

Leaders of the French Left Alliance—Socialists, Communists and Left Radicals—found little common ground at their summit meeting on June 19.

The first formal meeting of the three leaders in over a year lasted a scant three hours and produced a terse communique expressing ritual affirmation of the electoral goals of the Left. That, and opposition to President Giscard's policies, were the only points on which the parties could agree. On all other issues—Portugal, civil liberties, strategy for the next municipal elections, the world economic crisis, and the EC—Socialists and Left Radicals locked horns with the Communists.

As expected, issues related to the *Republica* affair in Portugal—freedom of the press and Communist tolerance of a pluralist political system—caused the most heated exchanges, including a blistering attack by Communist leader Marchais on the Socialists for their support of the Portuguese Socialists. Marchais went further than ever before in voicing Communist fears that the Socialists are trying to woo the anti-Communist majority.

The two parties also disagreed sharply over electoral strategy for the 1977 municipal elections. The Communists and the Socialist Party's left wing—which constitutes about 25 percent of the party's strength—are calling for a single list of Left Alliance candidates in the first round of the elections. The current agreement is that the Left will support the leading Alliance candidate in the second round if the election is not won outright in the first round.

The Socialists believe that the Communist strategy is aimed at undermining their power base—small-town elected officials—so Mitterrand turned down the idea. The Communists fear that without obligatory alliances in the first round, the Socialists will enter into electoral agreements with parties of the governing majority.

The liaison committee of the Left Alliance was mandated to create a working group to study:

- the effects on society of the international "crisis of capitalism" and the French economic slump;
- the problem of Europe and its collective security;
- the defense and extension of liberties.

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The summit meeting served only to preserve the facade of a united Left. The appearance of unity will probably suffice for the time being; the nearest elections are two years away.

The fundamental cleavages between the Socialists and Communists on issues raised by the *Republica* affair were even more divisive than was apparent prior to the meeting. If the Portuguese Socialists are forced out of the government because of the Communists, the French Left Alliance will be in serious danger of falling apart.

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YUGOSLAVIA

Yugoslavia has imposed yet another round of import restrictions in an effort to reduce its mounting trade deficit. The restrictions supplement measures introduced last April aimed primarily at reducing raw material imports.

The new measures, which will be in effect until the end of the year, apply to a broad spectrum of consumer goods, including many electrical appliances such as television sets and refrigerators as well as certain food items. The restrictions also cover some heavy equipment imports, including agricultural machinery. The government hopes that the measures will reduce expenditures for nonessential items leaving adequate foreign exchange for higher priority goods.

Yugoslavia's trade balance has been severely affected by the recession in the West. In the first five months of the year, Belgrade's trade deficit reached \$1.6 billion, a 23-percent increase over the same period last year. At the same time, earnings from foreign workers' remittances and tourism have leveled off. As a result, Yugoslav officials have been predicting a current account deficit—the balance of trade in goods and services—of about \$900 million in 1975. There are some indications that creditors' willingness to cover the deficit is waning, and Yugoslavia may be forced to reduce drastically its foreign exchange reserves unless it can find financing elsewhere.

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ANGOLA

The agreement reached over the weekend by Angola's three top nationalist leaders to ease tensions in the troubled territory amounts to little more than an uncertain truce. Holden Roberto, Agostinho Neto, and Jonas Savimbi met almost continuously last week in Kenya following recent heavy fighting that threatened Angola with civil war even before it achieves independence on November 11.

The measures agreed upon by the three leaders to end the fighting merely restate past agreements that have failed. The key to effective implementation will depend on whether Neto's Popular Movement for the Liberation of Angola and Roberto's National Front for the Liberation of Angola will refrain from further military operations against each other.

Jonas Savimbi's National Union for the Total Independence of Angola, the smallest of the three nationalist groups, has largely kept out of the fighting.

The recent fighting left the Popular Movement with certain advantages over the National Front, which could spark the National Front to retaliate. The Popular Movement has gained the upper hand in several areas north of Luanda, severely limiting the National Front's access to the capital.

The summit communique also commits the three leaders to vague provisions designed to make the transitional government more effective. The transitional government that was set up by the nationalists and the Portuguese last January has been unworkable, and it appears unlikely that the government can be strengthened to the point where it can maintain order between now and November.

The transitional government is based on an unworkable system of checks and balances under which the nationalist representatives, as government officials, work at odds with each other. The Portuguese officials are not effective because they are caught in the middle.

Neto, Savimbi, and Roberto will apparently try to hold the national elections that are scheduled for next October. The elections are supposed to choose a constituent assembly that will select a head of government to assume office after independence.

Prospects for holding elections, however, remain uncertain. Further violence may occur as the National Front and the National Movement vie for support in the countryside, particularly in areas which are not controlled by either group.

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In effect, the summit agreement merely postpones an eventual confrontation between Roberto and Neto. The nationalist leaders seem to have already recognized this by agreeing to meet again in November to adopt another form by which to transfer power if the October elections fail to take place.

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FOR THE RECORD

ETHIOPIA: Rebels staged a one-hour attack last Saturday on selected military targets in Asmara, the provincial capital of Eritrea. This incident may mark the beginning of increased activities by the insurgents who have been lying low for more than two months.

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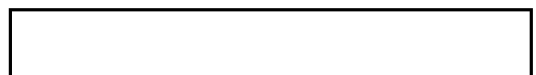
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